

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re :
WORLDCom, INC., et al., : Chapter 11 Case No.
: 02-13533 (AJG)
: (Jointly Administered)
Debtors. :
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**ORDER (I) APPROVING THE DISCLOSURE STATEMENT;
(II) FIXING A RECORD DATE; (III) APPROVING SOLICITATION
PACKAGES AND PROCEDURES FOR DISTRIBUTION THEREOF;
(IV) APPROVING FORMS OF BALLOTS AND ESTABLISHING
PROCEDURES FOR VOTING ON THE DEBTORS' JOINT PLAN OF
REORGANIZATION; AND (V) SCHEDULING A HEARING AND
ESTABLISHING NOTICE AND OBJECTION PROCEDURES IN RESPECT OF
CONFIRMATION OF THE DEBTORS' JOINT PLAN OF REORGANIZATION**

A hearing having been held on May 19, 2003 and May 22, 2003 (together, the "Hearing"), to consider the motion, dated April 24, 2003 (the "Motion"), of WorldCom, Inc. and certain of its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, "WorldCom" or the "Debtors"), for entry of an order (i) approving the Debtors' Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code, dated May 23, 2003 (as the same has been or may be amended, the "Disclosure Statement"); (ii) fixing a record date; (iii) approving solicitation packages and procedures for distribution thereof; (iv) approving forms of ballots and establishing procedures for voting on the Debtors' joint plan of reorganization; and (v) scheduling a hearing and establishing notice and objection procedures in respect of confirmation of the Debtors' joint plan of reorganization, all as more fully set forth in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein being a

core proceeding pursuant to 28 U.S.C. §§ 157 and 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 19, 1984 (Ward, Acting C.J.); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and the Debtors having filed with the Court the Disclosure Statement and the Debtors' Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated May 23, 2003 (as the same has been or may be amended, the "Plan"); and the Court having entered that certain Order Pursuant to Fed. R. Bankr. P. 2002, 3017(a), 9007, and 9008 (i) Scheduling Hearing to Consider Approval of Disclosure Statement, Solicitation Procedures, and Related Relief, (ii) Establishing Form and Manner of Notice of the Disclosure Statement Hearing, and (iii) Establishing Objection Deadline, dated April 15, 2003 (the "Scheduling Order"); and the (w) Affidavits of Mailing, sworn to on April 18, 2003 and April 30, 2003, (x) Affidavits of Service, sworn to on April 15, 2003, April 16, 2003, April 25, 2003, and May 18, 2003, (y) Affidavit of Publication, sworn to on April 17, 2003, and (z) Certification of Publication, dated April 17, 2003 (collectively, the "Affidavits") having been filed with the Court; and the Court having reviewed the Disclosure Statement, the Motion, the papers in support thereof, the responses, cross-motion, and objections (including joinders) thereto (collectively, the "Objections"), and the Debtors' Response to Objections to the Debtors' Proposed Disclosure Statement, dated May 18, 2003 (the "Debtors' Response"); and upon the Disclosure Statement, the Motion, the papers in support thereof, the Objections thereto, the Debtors' Response, the Scheduling Order, the Affidavits, and the record of the Hearing; and the Court having found and determined that the legal and factual bases set forth in the Motion and at the Hearing establish just

cause for the relief granted herein; and that the relief requested in the Motion is in the best interests of the Debtors, their estates, and creditors; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY FOUND THAT:

A. Notice of the Motion and the Hearing was served and published in accordance with (i) this Court's Order, dated December 23, 2002, establishing notice procedures in these chapter 11 cases (the "Case Management Order") and (ii) the Scheduling Order and such notice constitutes good and sufficient notice to all interested parties and no other or further notice need be provided.

B. The Disclosure Statement contains "adequate information" within the meaning of section 1125 of title 11 of the United States Code (the "Bankruptcy Code").

C. The forms of the ballots, including the addendum thereto (the "Ballots") and master ballots, including the addendum thereto (the "Master Ballots") annexed hereto as Exhibits "A" and "B," respectively, are sufficiently consistent with Official Form No. 14 and adequately address the particular needs of these chapter 11 cases and are appropriate for each class of claims entitled to vote to accept or reject the Plan.

D. The Ballots and Master Ballots require the furnishing of sufficient information to assure that duplicate Ballots and Master Ballots are not submitted and tabulated and that Master Ballots reflect the votes of the beneficial owners of the Debtors' securities.

E. Ballots need not be provided to the holders of unimpaired claims in class 1 (Other Priority Claims) and class 3 (Other Secured Claims) because the Plan provides that such classes are unimpaired and, therefore, deemed to accept the Plan.

F. Ballots need not be provided to the holders of claims and interests in class 7 (WorldCom Subordinated Claims), class 8 (WorldCom Equity Interests), class 10 (MCIC Subordinated Debt Claims), class 14 (Intermedia Preferred Stock), and class 15 (Intermedia Equity Interests) because the Plan provides that they will not receive or retain any property under the Plan in respect of such claims or interests and, therefore, are deemed to reject the Plan.

G. The period, set forth below, during which the Debtors may solicit acceptances to the Plan is a reasonable and adequate period of time for creditors to make an informed decision to accept or reject the Plan.

H. The procedures for transmitting the documents and information required by Bankruptcy Rule 3017(d) to the beneficial holders of the Debtors' securities (as more fully set forth in the Motion and below) are adequate and appropriate under the circumstances.

I. The procedures for the solicitation and tabulation of votes to accept or reject the Plan (as more fully set forth in the Motion and below) provide for a fair and equitable voting process and are consistent with section 1126 of the Bankruptcy Code.

J. The notice substantially in the form annexed hereto as Exhibit "E" (the "Confirmation Hearing Notice") and the procedures set forth below for providing such notice to all creditors and equity security holders of the time, date, and place of the hearing to consider confirmation of the Plan (the "Confirmation Hearing") and the

contents of the Solicitation Packages (as defined below) comply with Rules 2002 and 3017 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and constitute sufficient notice to all interested parties.

NOW, THEREFORE, IT IS:

ORDERED that all Objections not otherwise withdrawn or resolved by this Order are hereby OVERRULED in all respects; and it is further

ORDERED that the Motion is GRANTED; and it is further

ORDERED that the Disclosure Statement is APPROVED; and it is further

ORDERED that May 28, 2003 is established as the record date (the “Record Date”) for purposes of this Order and determining which creditors are entitled to vote on the Plan; and it is further

ORDERED that the Ballots and Master Ballots are APPROVED; and it is further

ORDERED that the Debtors are directed to distribute or cause to be distributed solicitation packages (the “Solicitation Packages”) containing a copy of (i) this Order (without the exhibits annexed hereto), (ii) the Confirmation Hearing Notice, and (iii) either (a) a Ballot and/or Master Ballot, as appropriate, together with a return envelope and the Disclosure Statement (together with the Plan annexed thereto as Exhibit “A”) or (b) a Notice of Non-Voting Status (as defined below), as applicable, on or before June 13, 2003 (the “Solicitation Date”), to (a) all persons or entities identified in the Debtors’ schedules of liabilities filed pursuant to section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, and all amendments and modifications thereto through and including the Record Date (the “Schedules”) as holding liquidated, noncontingent, and

undisputed claims, in an amount greater than zero, (b) all parties having filed proofs of claims in an amount greater than zero or notices of transfers of claims in the Debtors' chapter 11 cases, (c) the registered holders of the Debtors' debt and equity securities as of the Record Date, and (d) any other known holders of claims against or equity interests in the Debtors as of the Record Date; *provided, however*, that the Debtors are not required to distribute copies of the Plan and Disclosure Statement to any holder of a claim or interest in class 1 (Other Priority Claims), class 3 (Other Secured Claims), class 7 (WorldCom Subordinated Claims), class 8 (WorldCom Equity Interests), class 10 (MCIC Subordinated Debt Claims), class 14 (Intermedia Preferred Stock), and class 15 (Intermedia Equity Interests), unless such party makes a specific request in writing for the same; and it is further

ORDERED that the Debtors are directed to distribute or cause to be distributed on or before the Solicitation Date, a copy of this Order (without the exhibits annexed hereto), the Confirmation Hearing Notice, and the Disclosure Statement (together with the Plan annexed thereto as Exhibit "A") to (i) the United States Trustee for the Southern District of New York, (ii) the attorneys for the statutory unsecured creditors' committee, (iii) attorneys for the Debtors' postpetition lenders, (iv) the Securities and Exchange Commission, (v) the Internal Revenue Service, and (vi) all parties that the Debtors are required to serve pursuant to the Case Management Order; and it is further

ORDERED that Solicitation Packages, which shall include Ballots (and Master Ballots as appropriate), shall be distributed to holders, as of the Record Date, of claims in class 2 (Secured Tax Claims), class 4 (Convenience Claims), class 5

(WorldCom Senior Debt Claims), class 6 (WorldCom General Unsecured Claims), class 9 (MCIC Senior Debt Claims), class 11 (Intermedia Senior Debt Claims), class 11 (Intermedia General Unsecured Claims), and class 13 (Intermedia Subordinated Debt Claims), which classes are designated under the Plan as entitled to vote to accept or reject the Plan; and it is further

ORDERED that Solicitation Packages, which shall include notices of non-voting status, substantially in the forms annexed hereto as Exhibits “C” and “D” (the “Notices of Non-Voting Status”) (but which shall exclude the Plan and Disclosure Statement), shall be distributed to (i) holders, as of the Record Date, of unimpaired claims in class 1 (Other Priority Claims) and/or class 3 (Other Secured Claims) and (ii) all holders, as of the Record Date, of claims or interests in class 7 (WorldCom Subordinated Claims), class 8 (WorldCom Equity Interests), class 10 (MCIC Subordinated Debt Claims), class 14 (Intermedia Preferred Stock), and/or class 15 (Intermedia Equity Interests), as applicable, which classes are designated under the Plan as not entitled to vote to accept or reject the Plan; and it is further

ORDERED that, with respect to any creditor who has filed duplicate claims (whether against the same or multiple Debtors) which are classified under the Plan in the same class, the Debtors shall provide to such creditor only one Solicitation Package and one Ballot for voting a single claim in such class; and it is further

ORDERED that the Debtors are not required to distribute Solicitation Packages to creditors who have timely filed proofs of claim for amounts less than or equal to the amounts scheduled for such claims by the Debtors if the claims have already been paid in the full scheduled amount; *provided, however*, if, and to the extent that, any

such creditor would be entitled to receive a Solicitation Package for any reason other than by virtue of the fact that its claim had been scheduled by the Debtors, such creditor will be sent a Solicitation Package; and it is further

ORDERED that the Debtors are not required to distribute Solicitation Packages to a party to an executory contract who does not hold either an allowed filed or a scheduled claim or who holds a claim listed on the Schedules as contingent, unliquidated, or disputed, unless such party makes a specific request in writing for the same; and it is further

ORDERED that, with respect to addresses from which notices of the hearing to approve the Disclosure Statement were returned as undeliverable by the United States Postal Service, the Debtors are excused from distributing Solicitation Packages to those entities listed at such addresses unless the Debtors are provided with accurate addresses for such entities before the Solicitation Date and failure to distribute Solicitation Packages to such entities will not constitute inadequate notice of the Confirmation Hearing, the Voting Deadline (as defined below), or violation of Bankruptcy Rule 3017(d); and it is further

ORDERED that, with respect to the Solicitation Packages to be distributed to class 5 (WorldCom Senior Debt Claims), class 9 (MCIC Senior Debt Claims), class 11 (Intermedia Senior Debt Claims), and class 13 (Intermedia Subordinated Debt Claims), the Debtors shall distribute or cause to be distributed Solicitation Packages, including Ballots, to record holders of the Debtors' public securities in such classes, including, without limitation, brokers, banks, dealers, or other agents or nominees (collectively, the "Master Ballot Agents"), and each Master Ballot Agent shall be entitled to receive

reasonably sufficient numbers of Solicitation Packages to forward to the beneficial owners of those securities for whom such Master Ballot Agent is the holder (collectively, the “Beneficial Owners”), and the Debtors shall be responsible for each such Master Ballot Agent’s reasonable, actual, and necessary out-of-pocket expenses associated with the distribution of Solicitation Packages to the Beneficial Owners of such claims and tabulation of the Ballots and completion of Master Ballots; and it is further

ORDERED that the Debtors are authorized to distribute or cause to be distributed Master Ballots to the Master Ballot Agents after the Solicitation Packages have been forwarded to the Beneficial Owners in accordance with customary procedures; and it is further

ORDERED that each Master Ballot Agent is authorized and directed to (i) forward Solicitation Packages to Beneficial Owners within five (5) business days after the Master Ballot Agent’s receipt thereof, receive returned Ballots from the Beneficial Owners, tabulate the results according to the instructions set forth in the Master Ballots annexed hereto as Exhibit “B,” and return, *inter alia*, such results to the Debtors’ solicitation and tabulation agent in a Master Ballot by the Voting Deadline or (ii) arrange for Beneficial Owners to receive “prevalidated” Ballots for direct return to the Debtors’ solicitation and tabulation agent by the Voting Deadline; and it is further

ORDERED that, to the extent a Master Ballot Agent elects to arrange for Beneficial Owners to receive prevalidated Ballots for direct return to the Debtors’ solicitation and tabulation agent, (i) the Master Ballot Agent shall (a) complete and execute the Ballot (other than Items 2 and 3) and indicate on the Ballot the name of the Master Ballot Agent, the amount of securities held by the Master Ballot Agent for the

Beneficial Owner, and the account number(s) for the account(s) in which such securities are held by the Master Ballot Agent and, thereafter, (b) forward the Solicitation Packages (with the prevalidated Ballots) or copies thereof to the Beneficial Owners within five (5) business days of the receipt by such Master Ballot Agent of the Solicitation Package and (ii) the Beneficial Owner shall return the prevalidated Ballot to the Debtors' solicitation and tabulation agent by the Voting Deadline; and it is further

ORDERED that with respect to the Solicitation Packages to be distributed to holders of claims or interests in class 7 (WorldCom Subordinated Claims), class 8 (WorldCom Equity Interests), class 10 (MCIC Subordinated Debt Claims), class 14 (Intermedia Preferred Stock), and/or class 15 (Intermedia Equity Interests), the Debtors shall distribute or cause to be distributed Solicitation Packages, including Notices of Non-Voting Status, substantially in the form annexed hereto as Exhibit "D," to the record holders of the Debtors' debt and equity securities in such nonvoting classes (the "Non-Voting Securities"), including, without limitation, brokers, dealers, commercial banks, trust companies, or other agents or nominees (collectively, the "Non-Voting Nominees") and each Non-Voting Nominee shall be entitled to receive reasonably sufficient numbers of Solicitation Packages to forward to the beneficial owners of the Non-Voting Securities and the Debtors shall be responsible for each such Non-Voting Nominee's reasonable, actual, and necessary out-of-pocket expenses associated with the distribution of Solicitation Packages to the beneficial owners of Non-Voting Securities; and it is further

ORDERED that the Non-Voting Nominees are authorized to forward the Solicitation Packages to the beneficial owners of the Non-Voting Securities within five

(5) business days of the receipt by such Non-Voting Nominees of the Solicitation Packages; and it is further

ORDERED that all Ballots and Master Ballots must be properly executed, completed, and the original thereof shall be delivered to the Debtors' solicitation and tabulation agent so as to be actually received by Debtors' solicitation and tabulation agent no later than **4:00 p.m. (Eastern Time) on August 12, 2003** (the "Voting Deadline"); and it is further

ORDERED that, solely for purposes of voting to accept or reject the Plan and not for the purpose of the allowance of, or distribution on account of, a claim and without prejudice to the rights of the Debtors in any other context, each claim within a class of claims entitled to vote to accept or reject the Plan shall be entitled to vote the amount of such claim as set forth in the Schedules unless such holder has timely filed a proof of claim, in which event such holder would be entitled to vote the amount of such claim as set forth in such proof of claim; provided that:

- (a) If a claim is deemed allowed under the Plan, such claim is allowed for voting purposes in the deemed allowed amount set forth in the Plan;
- (b) If a claim for which a proof of claim has been timely filed is, by its terms, contingent, unliquidated, or disputed, the Debtors propose that such claim be temporarily allowed for voting purposes only, and not for purposes of allowance or distribution, at \$1.00;
- (c) If a claim has been estimated or otherwise allowed for voting purposes by order of the Court, such claim is temporarily allowed in the amount so estimated or allowed by the Court for voting purposes only, and not for purposes of allowance or distribution;
- (d) If a claim is listed in the Schedules as contingent, unliquidated, or disputed and a proof of claim was not (i)

filed by the applicable bar date for the filing of proofs of claim established by the Court or (ii) deemed timely filed by an order of the Court prior to the Voting Deadline, unless the Debtors have consented in writing, the Debtors propose that such claim be disallowed for voting purposes and for purposes of allowance and distribution pursuant to Bankruptcy Rule 3003(c); and

- (e) If the Debtors have served an objection to a claim on or before July 8, 2003, the Debtors propose that such claim be temporarily disallowed for voting purposes only and not for purposes of allowance or distribution, except to the extent and in the manner as may be set forth in such objection.

ORDERED that if any claimant seeks to challenge the allowance of its claim for voting purposes in accordance with the above procedures, such claimant is directed to serve on the Debtors and file with the Court on or before July 22, 2003 a motion (a “3018 Motion”) for an order pursuant to Bankruptcy Rule 3018(a) temporarily allowing such claim in a different amount for purposes of voting to accept or reject the Plan; and it is further

ORDERED that the Court shall consider all 3018 Motions at a hearing on August 7, 2003 at 10:00 a.m. (Eastern Time) or as soon thereafter as counsel may be heard; and it is further

ORDERED that as to any creditor filing a motion pursuant to Bankruptcy Rule 3018(a), such creditor’s Ballot shall not be counted unless temporarily allowed by the Court for voting purposes after notice and a hearing; and it is further

ORDERED that if a creditor casts more than one Ballot or Master Ballot voting the same claim(s) before the Voting Deadline, the last Ballot or Master Ballot received before the Voting Deadline is deemed to reflect the voter’s intent and, thus, to supersede any prior Ballots or Master Ballots; and it is further

ORDERED that any Ballots cast by holders of class 6 or class 12 general unsecured claims electing class 4 (Convenience Claim) treatment shall be tabulated as class 4 (Convenience Claim) Ballots; and it is further

ORDERED that each creditor voting a claim must vote the entire claim either to accept or reject the Plan and may not split the vote, and thus a Ballot that partially accepts and partially rejects the Plan will not be counted; and it is further

ORDERED that any Ballot that is properly completed, executed, and timely returned to the Debtors' solicitation and tabulation agent but does not indicate an acceptance or rejection of the Plan, or indicates both an acceptance and a rejection of the Plan, shall not be counted; and it is further

ORDERED that any Ballot received after the Voting Deadline shall not be counted unless the Debtors granted an extension of the Voting Deadline with respect to such Ballot; and it is further

ORDERED that any Ballot that is illegible or contains insufficient information to permit the identification of the claimant or interest holder shall not be counted; and it is further

ORDERED that any Ballot cast by a person or entity that does not hold a claim in a class that is entitled to vote to accept or reject the Plan shall not be counted; and it is further

ORDERED that any Ballot cast for a claim identified as unliquidated, contingent, or disputed for which no proof of claim was timely filed shall not be counted; and it is further

ORDERED that any unsigned Ballot or signed but unoriginal Ballot shall not be counted; and it is further

ORDERED that any Ballot transmitted to the Debtors' solicitation and tabulation agent by facsimile shall not be counted; and it is further

ORDERED that, with respect to the tabulation of Master Ballots and Ballots cast by Master Ballot Agents and Beneficial Owners, for purposes of voting, the amount that will be used to tabulate acceptance or rejection of the Plan will be the principal amount held as of the Record Date (the "Record Amount") and the following additional rules shall apply to the tabulation of Master Ballots and Ballots cast by Master Ballot Agents and Beneficial Owners:

- a. Votes cast by Beneficial Owners through a Master Ballot Agent will be applied against the positions held by such entities in the applicable securities as of the Record Date, as evidenced by the record and depository listings. Votes submitted by a Master Ballot Agent, whether pursuant to a Master Ballot or prevalidated Ballots, will not be counted in excess of the Record Amount of securities held by such Master Ballot Agent;
- b. To the extent that conflicting votes or "overvotes" are submitted by a Master Ballot Agent, whether pursuant to a Master Ballot or prevalidated Ballots, the Debtors' solicitation and tabulation agent will attempt to reconcile discrepancies with the Master Ballot Agent;
- c. To the extent that overvotes on a Master Ballot or prevalidated Ballots are not reconcilable prior to the preparation of the vote certification, the Debtors' solicitation and tabulation agent will apply the votes to accept and to reject the Plan in the same proportion as the votes to accept and reject the Plan submitted on the Master Ballot or prevalidated Ballots that contained the overvote, but only to the extent of the Master Ballot Agent's position in the applicable security; and

- d. For purposes of tabulating votes, each Master Ballot Agent or Beneficial Owner of a Voting Security will be deemed to have voted the principal amount of its Claim relating to such Voting Security;

and it is further

ORDERED that the Confirmation Hearing Notice is approved; and it is further

ORDERED that the Confirmation Hearing will be held at **9:00 a.m. (Eastern Time) on August 25, 2003**; *provided, however*, that the Confirmation Hearing may be adjourned from time to time by the Court or the Debtors without further notice to parties other than an announcement in Court at the Confirmation Hearing or any adjourned Confirmation Hearing; and it is further

ORDERED that the Debtors shall publish the Confirmation Hearing Notice on or before July 2, 2003 in *The Wall Street Journal* (National Edition), *The New York Times* (National Edition), *The Washington Post* (National Edition), *The Clarion-Ledger*, and electronically on the independent website authorized by the Case Management Order, www.elawforworldcom.com; and it is further

ORDERED that objections to confirmation of the Plan, if any, must (i) be in writing, (ii) state the name and address of the objecting party and the amount and nature of the claim or interest of such party, (iii) state with particularity the basis and nature of any objection, and (iv) be filed, together with proof of service, with the Court and served so that they are actually received no later than **4:00 p.m. (Eastern Time) on July 28, 2003** by each of the parties identified in paragraph 5 of the Confirmation Hearing Notice at the respective addresses set forth therein; and it is further

ORDERED that objections to confirmation of the Plan not timely filed and served in the manner set forth above shall not be considered and shall be overruled; and it is further

ORDERED that the Debtors are authorized to take or refrain from taking any action necessary or appropriate to implement the terms of and the relief granted in this Order without seeking further order of the Court; and it is further

ORDERED that the Debtors are authorized to make nonsubstantive changes to the Disclosure Statement, Plan, Ballots, Master Ballots, Confirmation Hearing Notice, and related documents without further order of the Court, including, without limitation, changes to correct typographical and grammatical errors and to make conforming changes among the Disclosure Statement, the Plan, and any other materials in the Solicitation Package prior to their distribution; and it is further

ORDERED that the requirement under Rule 9013-1(b) of the Local Bankruptcy Rules for the Southern District of New York for the filing of a memorandum of law is waived.

Dated: New York, New York
May 28, 2003

s/Arthur J. Gonzalez
UNITED STATES BANKRUPTCY JUDGE